



1st Group FY20 Full Year Results

4E Preliminary Report – 25% revenue growth despite COVID-19 project delays, momentum into FY21

Highlights

- **Growth since June 2019:**
 - Revenue up 25%, COVID-19 delayed major project revenues in Q4 (Q4 revenue was +2.6% vs Q3) – deferred to FY21
 - Sites up 16% - expanded market leadership in key verticals
 - Annual Recurring Revenue (**ARR**) of \$5.5m up 30%
 - Operating Contribution Margin reached breakeven in 2H FY20
 - Increased capital support available should it be required
- **Partner update:**
 - Revenue sharing partner agreement signed with Openpay (ASX:OPY). Openpay will also promote adoption of MyHealth1st to its healthcare network
 - 1st becomes Google and Facebook partner, launches new digital marketing service for clients
- **Project update:**
 - St Vincent's and Medibank - projects on hold due to COVID, expected to restart in 1H FY21
 - Benestar – program to engage their existing external psychologists has commenced
- **Structural shift to online health** - positive for 1st Group:
 - COVID driving adoption of online health which in turn drives use of 1st platforms
 - EasyTelehealth, EasyHealthPayments launched to meet market need
- **FY21 growth:** will be supported by maturing landmark agreements, uptake of the Company's new products and services and progress with our new strategic partners such as Openpay

Positive year for 1st Group

FY20 was effectively a year in three parts. Prior to the bushfires in Q2 and COVID-19, 1st Group was trading strongly, and work was progressing on the major new landmark contracts. The bushfires delayed the Benestar agreement due to the increased demands on their business and then COVID-19 hit at the end of Q3. Given the heightened levels of uncertainty, these contract implementations slowed down significantly. Encouragingly, we are now seeing projects resume, underpinning our positive outlook for FY21.

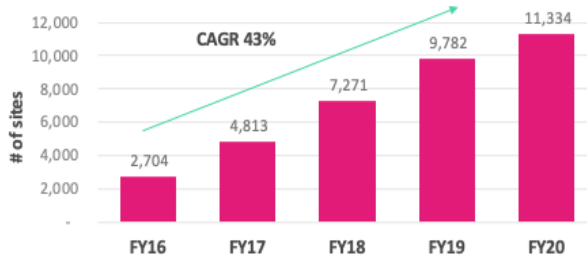
Despite these challenges we executed on our strategic roadmap and grew the business. Our growth in FY20 reflects the outstanding 1st platforms and trusted propositions we deliver to our clients.

We developed multiple income streams to strengthen and diversify our business model. Recurring subscription revenues are now being complemented by growth in usage, advertising and implementation fees as major contracts gain traction.

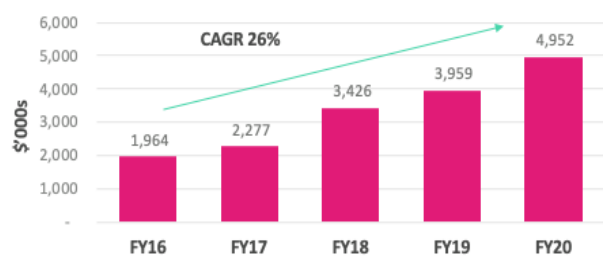
Operationally, the growth in sites, the key lead indicator of future revenue performance, was up 16% compared to June 2019, reaching 11,334 and we are now nearing 12.5 million bookings – a sign of our continuing market adoption.

Growth metrics: Site Acquisition, ARR Growth, Strong Retention

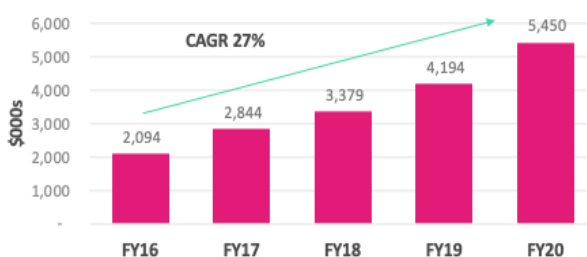
Number of sites



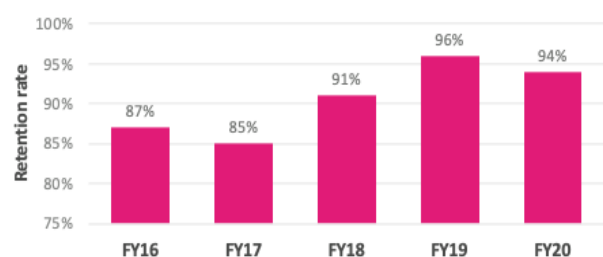
Revenue \$000s



Annualised Recurring Revenue (ARR) \$000s



Annual Customer Retention Rate



Financial Results

	2020 (Unaudited) \$	2019 \$
Revenue	4,950,003	3,959,158
Expenses		
Loss on disposal of assets	(812)	(788)
Advertising and marketing expenses	(1,251,699)	(984,307)
Professional and consulting fees	(629,127)	(475,408)
Operations and administration expenses	(3,450,342)	(2,895,462)
Employee benefits	(4,337,651)	(3,489,597)
Depreciation and amortisation expenses	(159,108)	(396,288)
Finance costs	(164,808)	(162,502)
Loss before income tax benefit	(5,043,544)	(4,445,194)
Income tax benefit	36,504	141,102
Loss after income tax benefit for the year attributable to the owners of 1st Group Limited	(5,007,040)	(4,304,092)

Delivering operating leverage

Operating expenses which included one-time investments to deliver landmark agreements, were 19% higher than the prior corresponding period, as compared to total revenue growth of 25% for the year.

At 30 June 2020, the Group held \$2.05m in cash. Given the Company's growth prospects and progress, cornerstone shareholder Mr John Plummer has agreed to increase the current convertible loan facility to the Company from \$2m to \$3m, on the same terms, **should it be required**. The Board appreciates John's ongoing support of 1st Group. This standby facility continues to enable the Company to execute its business strategy confidently and drive further sales and site growth.

Structural shift to online health – Positive for 1st Group

COVID-19 has brought forward the structural shift to online in the healthcare market. For example, during the pandemic patients and healthcare providers increasingly turned to 'telehealth' to deliver easier and improved access to healthcare services. The 'phone' was the predominant telehealth platform due to COVID-19 Medicare measures introduced by government however we anticipate an increasing shift to video-based telehealth as consumer preferences mature.

During the year 1st launched three new products to enhance our offering to further leverage this structural change. We launched EasyTelehealth and EasyHealthPayments, the latter enabling Medicare, DVA, Health Insurance and credit card payments initially for EasyTelehealth. We also launched a new Digital Marketing service for our clients after officially becoming Google and Facebook partners. Over 800 healthcare providers signed up to the new EasyTelehealth service across Optometry, GP, Dental, Physiotherapy and

Psychology markets. Usage fee revenue generated from the new integrated Telehealth service commenced in May and while growing, current volumes are low as providers and patients become more familiar with these new services over time.

1st also signed a strategic revenue share partnership agreement with B-N-P-L company Openpay (ASX:OPY), aimed at assisting clients to introduce this payment option to patients of practices that offer their services through the MyHealth1st platform. B-N-P-L payment options are increasingly being offered by Pharmacy, Optometry, Dental and Veterinary businesses.

We will continue to expand our market presence and start to monetise more of the consumer interactions on our platforms in ways that add significant value to our clients.

Outlook

We are confident in 1st Group's growth potential for FY21. The landmark agreements are expected to mature in FY21 after Covid-19 delays – these will add material additional site revenues and underpin our increased momentum and growing scale.

1st Group continues to deliver on its existing strategy to acquire sites in its chosen verticals. New verticals aligned with major partners in new market segments (e.g. as seen in our recent Openpay agreement) will also accelerate new site acquisition throughout FY21. It is pleasing that development of 1st Group's platforms and product offerings are being supported and funded by major players further assisting our entry to these new segments.

This announcement has been approved for release by the Board of Directors.

Further information

Klaus Bartosch

Managing Director
+61 414 992 811

Richard Rogers

Chief Financial Officer
+61 438 409 482

Michael Brown

Pegasus Corporate Advisory
+61 400 248 080

About 1st Group Limited

1st Group is an ASX listed digital health group building Australia's leading health services portal, MyHealth1st.com.au, Australia's online pet service portal PetYeti.com.au and corporate and government solutions platform GoBookings.com. These integrated platforms provide an easy to use online search and appointment booking service and offer a range of value-added apps and services that facilitate digital patient and customer engagement. We improve lives by connecting consumers to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GoBookings.com.

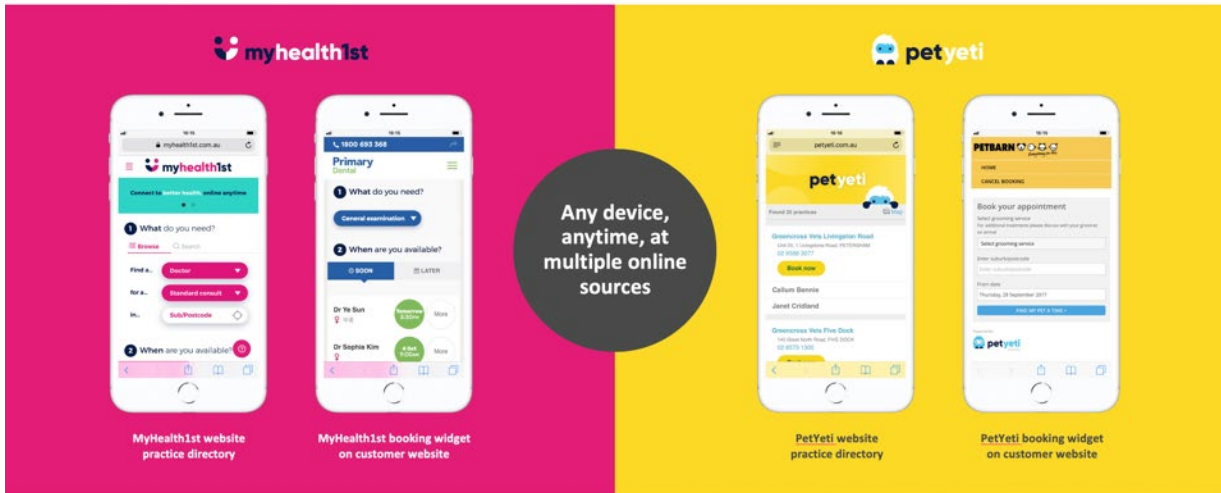
Glossary

Term	Definition
Annualised Contract Value (ACV)	Represents the annual expected revenue from contracted customers for subscription products including Online Bookings, EasyFeedback, EasyCheck-in Kiosks. Excludes potential variable revenue from set up, Usage Fees and advertising.
ACV Churn Rate	ACV Churn Rate is an annualised figure calculated by taking twelve times the average monthly churn rate over the previous twelve months. The monthly churn rate is the ACV from customers who leave 1st Group in a month as a percentage of the total ACV at the start of that month.
Annual Customer Retention Rate (ACRR)	100% – ACV Churn Rate.
Annual Recurring Revenue (ARR)	ARR is the value of all recurring monthly revenues in a month normalised to a one year period. ARR includes all revenue streams that are reliably recurring on a monthly basis.
Operating Contribution Margin	Operating Contribution Margin is EBITDA before taking into consideration the impact of investment in sales and marketing for growth, and corporate costs related to operating an ASX listed entity.
Gross Margin	Gross Margin is Revenue minus Cost of Services (COS), which includes hosting costs, third party and transaction costs such as cost of SMS messages and credit card merchant fees.

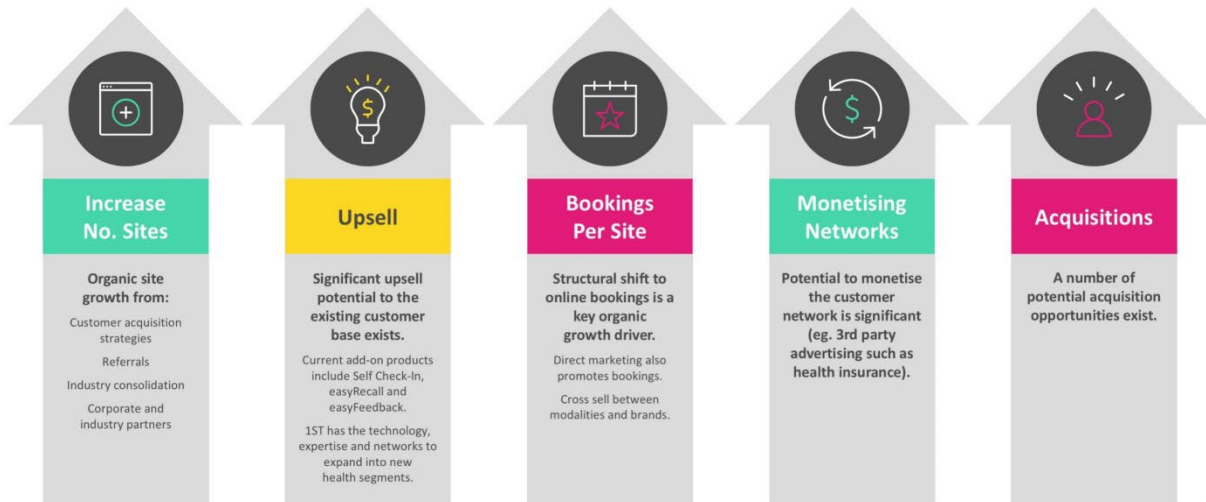
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations

- Visible Path to Break-Even Cashflows**
 - Revenue growth momentum
 - Directionally positive KPIs
 - Costs stabilised
- Large Addressable Markets > \$1.9B**
 - Online health services bookings market is > \$1.9b
 - Includes online appointments, add-on products and services, and advertising
- Multiple Growth Drivers**
 - Acquire new customers as they increase their online presence and digital profile through multiple products, including online appointments
 - Upsell revenues as customers purchase additional products & services
 - Booking migration from offline to online increases patient interaction points and monetization opportunities driving broader consumer engagement, cross-sell patients to other services, including PetYeti
- Strong Recent Momentum**
 - Significant quarter on quarter revenue growth
- Significant Upsell Revenue Potential**
 - Upsell revenues are rising off a low penetration base
 - Significant existing upsell customer opportunity
 - Upsell consumer users to complementary services
- Experienced Management Team**
 - Experienced leadership team
 - Significant online experience – SEEK, HotelClub, Concur, Wotif.com, Realestate.com.au and others